The Salem County Revolving Loan Fund (SCRLF) is available to existing businesses located in Salem County and to businesses seeking to relocate to Salem County. Applications shall be reviewed and new projects selected based on the criteria outlined in the *Eligible Applicants* section. Each application must be accompanied by the required documentation before being reviewed by the Loan Board. Funding levels for the SCRLF are from \$10,000 to \$100,000.

Eligible Activities

The portion of any project funded by the Loan Board is limited to: Acquisition of land and buildings; Construction of new facilities (permanent mortgage); Rehabilitation of an existing structure; Purchase of machinery and/or equipment considered a fixed asset; Site development and improvement.

Ineligible Activities

The SCRLF is prohibited from participating in projects that are deemed speculative in nature by the Loan Board. By definition, this would include office buildings, retail centers, and other development projects with less than 75% occupancy rate.

Eligible Applicants

The SCRLF is designed as a competitive loan program with limited funds available. To be eligible, the applicant:

- Must create or maintain jobs (for each \$35,000 in assistance, one new full-time job or part-time equivalent should be created).
- Must be credit worthy as determined by the Loan Board and the participating lending institutions.
- ◆ Must have operated for at least one year prior to making the loan application.

In addition to the above, important criteria the Loan Board considers when making lending decisions include:

- Private for-profit projects with the potential for future growth and increased employment.
- Provides a service or product that positively impacts the local economy and regional image.
- Provides an increase in local tax ratables.
- How quickly the project will be implemented and other positive aspects for economic development.
- Results in multiple positive effects on the surrounding community.

Required Documentation

Applicant must provide a completed Project Description Outline which includes:

- A description of the project and a detailed statement for the use of the proceeds.
- A current Business Plan.
- A list of the five largest customers (name, address, telephone, contact person).
- A list of the five largest suppliers (name, address, telephone, contact person).

In addition, applicant must provide business financial statements and other documentation including:

- ◆ Balance Sheets for three years proceeding the year of the application, or those statements available.
- Profit and Loss statements for three years proceeding the year of the application, or those statements available.
- Most recent quarterly financial statement if fiscal statement is more than three months old.
- Schedule of short-term notes and loans payable.
- Schedule of long-term debt.

The Salem County Loan Board may also require applicants to provide:

- Appraisals on real property and/or machinery and equipment (appraisers acceptable to Loan Board).
- ◆ Certificate of Non-Compliance (ISRA) if applicable.
- Accounts receivable aging.
- Accounts payable aging.

All financial information must be prepared by a CPA acceptable to the Loan Board. Additional information may be required as determined by a Salem County Improvement Authority and/or the Loan Board.

Applicants must have available equity equal to at least 10% of the project funding requested from the SCRLF. The equity must be in the form of actual cash, equity in the real assets to be used or purchased as part of the total project (i.e. estimated land, existing building, and/or machinery and equipment value, or a combination of both). Applicants will be wholly responsible for closing costs, credit checks, and other associated financial fees.

The equity and collateral available on the fixed assets affected by the SCRLF loan must be at least equal to the project request and subsequent loan provide. The lending institution should have senior lien position with respect to security and repayment. It may be reasonable to assume that the SCRLF financing will be subordinated to the lending institution loan.

To help insure the loan position is secured and the credit risk is minimized, the County will require as appropriate:

- The completion and filing of property liens and UCC forms.
- ◆ A personal guarantee by the principals of the applicant business.
- ◆ An appraisal of assets by an independent firm (the firm shall be required to meet the standards of an appraiser as described in these policies).
- ◆ Other forms of collateral that can be easily liquidated.

Upon any refinancing sale, transfer in title, or other disposition of the property during the term of the loan, any outstanding balance shall become immediately due and payable to the County of Salem.

Any appraisal of real assets submitted as part of the SCRLF must have been completed by a licensed New Jersey real estate or equipment appraiser. The contents of the appraisal must state the basis for the appraisal, including computations, descriptive and qualifying statements with regard to the property being appraised, and a list of the qualifications for the appraiser. The need for an outside appraisal will be evaluated for each application. The Salem County Improvement Authority will evaluate the appraisal and have the authority to request the completion of a second appraisal. Also, costs associated with the appraisals are the responsibility of the borrower.

Cost estimates for construction or renovation activities must be completed and submitted as part of the application for funding. Bids and/or estimates must be signed and dated by the prospective contractor, witnessed, and shall include an attested acceptance by the borrower. The SCRLF administrators will remain a third party to contractor selection, however, they will review all cost estimates as to their appropriateness.

Participation

The participating lending institution will provide the SCRLF with a \$100,000 maximum loan amount, and 70% of the financing for each project. The County of Salem will provide 20%, and there is an equity requirement of 10% on the part of the borrower.

Review Procedure

Once the loan application is received by the participating financial institution, the loan request will be reviewed by the Salem County Improvement Authority. If the loan satisfies all program requirements, it is referred to the SCRLF Loan Board. If approved by the Loan Board: A title search and title insurance will be required at the cost of the applicant; and certification shall be received by the County of Salem, from the municipal authority, that all taxes are current.

Loan Servicing Agent

The SCRLF will designate the participating lending institutions to service their respective loans. Any and all servicing costs associated with the loan shall be paid by the borrower.

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